



Los Angeles County AUDIT COMMITTEE

Clinton Tatum, Chair
2nd District
Brence Culp, Vice Chair
3rd District
Louisa Ollague
1st District
Rick Velasquez
4th District
Angela Mazzie
5th District

AUDIT COMMITTEE MEETING MINUTES February 19, 2004

Chairperson Clinton Tatum called the meeting to order at 1:05 p.m. in the Conference Room of Room 525 at the Kenneth Hahn Hall of Administration.

Committee Members Present

Louisa Ollague, First District
Clinton Tatum, Second District
Brence Culp, Third District
Rick Velasquez, Fourth District
Angela Mazzie, Fifth District

Others in Attendance

DeWitt Roberts, Auditor-Controller
Martha Littlefield, Executive Office
Ken Wales, Executive Office
Hip Lui, Acting General Manager, ISD
Tan Tindall, ISD
Jaime Gomez, ISD

Approval of Minutes

On motion of Brence Culp, seconded by Rick Velasquez, the Committee unanimously approved the January 15, 2004 minutes.

Old Business

Group Home Program Monitoring Report – Sandhill Group Home. Review of home providing care for children ages 15-17 years exhibiting behavioral, social and emotional difficulties found some discrepancies regarding services outlined in the program statement based on the Auditor-Controller's November 12, 2003 review so a fiscal audit is scheduled for January 26th. The report will be completed next month. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Enhanced Monitoring of the Refugee Immigrant Training and Employment Program Contractors. Short, medium and long term actions were provided to prevent further frauds and a status report will be issued in April 2004. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Status Report – Survey of County Contractors that have the Authority to Authorize County Payments (Agenda Item #2, July 29, 2003). The Auditor-Controller is evaluating the adequacy of these payment systems in providing County oversight and the sufficiency of internal controls in ensuring contractor authorized payments' integrity and will report to the Board of Supervisors. **On motion of Clinton Tatum, seconded by Rick Velasquez, the Committee unanimously approved receiving and filing this report.**

December 9, 2003 Board Meeting Agenda Item #8 – Audits of Sheriff Overtime, Department of Health Services Billings and Collections and County Public Library. Audit of the Sheriff Department's overtime management, the Department of Health Services' billing and collection process, and the County Public Library's financial information. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Sheriff Budget Audit Final Report. Review of the County's budget practices related to the Sheriff's Department. Neither the Sheriff's Department nor the Chief Administrative Office has responded to the review. Third District will present a motion to the Board of Supervisors asking County Counsel to verify the consultant's list of expenditures could be billed to the contract cities. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved requesting responses by March 10, 2004 from the Sheriff's Department and the Chief Administrative Office and that representatives attend the March 18th meeting to answer questions.**

Reports to be Received and Filed

Sunset Review for the Los Angeles Adult Day Health Care Planning Council. This item was discussed in the February 17, 2004 Board of Supervisors meeting. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Board Requested Report Agenda Item 12 November 25, 2003. The Auditor-Controller's report to the Board of Supervisors regarding the Department of Health Services' public housing inspection operations is complete. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Audit of County Conditions on Land Development Projects – Second Status Report. The Auditor-Controller is in the process of verifying the conditions completion status with the appropriate County departments. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – Moore's Cottage. Review of agency providing care to children ages 13-18 years who exhibit behavioral, social and emotional difficulties verified the agency is providing the services outlined in its program statement but found some facility repairs were needed. Agency is required to provide DCFS with a written corrective action plan within 15 days of receipt of this report. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – M & R Group Home, Inc., Walnut and Turning Point Facilities. Review of two agencies providing care for children ages 12-18 years who exhibit behavioral, social and emotional difficulties verified overall both agencies were providing the services outlined in their program statement, but both agencies need to encourage residents to participate in activities planning, some minor repairs and inform residents of their options to meet the daily cognitive stimulation requirement. The agency's management will provide DCFS with a written corrective action plan within fifteen business days from the receipt of this report. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Financial/Compliance Audits of 2001-02 State Grants. Required audits of the 2001-02 State grant program noted no internal control weaknesses but did identify some compliance weaknesses that are not considered material. The departments have responded to the reported findings and recommendations indicating they will take action

to correct the reported problems. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Economic and Employment Development Center Response. Response the contract compliance review of EEDC's Refugee and Immigrant Training and Employment (RITE) Program recommending the Department of Community and Senior Services terminate its RITE contract with EEDC based on the findings contained in the report. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Audit of the Los Angeles County Flood Control District for the Year Ended June 30, 2003.

Financial statements audit concluded that no material weakness involving the District's internal controls were noted and the financial statements are presented fairly in conformity with accounting principles. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Fiscal Monitoring of Department of Mental Health Fiscal Year 2002-2003 Mental Health Service Providers. Department requested reviews of its service providers to ensure the providers have sufficient fiscal controls to manage grant monies and review their compliance to County contracts. The review revealed over-billings from service providers and an overstated cost report by one provider. DMH requested a corrective action plan from all providers identified and initiated collection procedures for over-billings. DMH will inform the responsible managers of the identified over-billings from the operated service providers and provide them with the respective corrective action plan. **On motion of Brence Culp seconded by Angela Mazzie, the Committee unanimously approved requesting a status report on DMH's efforts to collect the over-billings and submit a corrective action plan to prevent a recurrence by March 31, 2004.**

Audit of the County Treasury's Compliance with Government Code Requirements.

Review of found the Committee to be in compliance of Article 6 of the California Government Code. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Group Home Program Monitoring Report – McKinley Children's Center, Nashport and Main Campus Facilities. Review of two homes providing care for boys ages 6-17 years who exhibit behavioral, social and emotional difficulties verified both homes provided the services as outlined with some improvements needed. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Behavioral Health Service Review. The Department of Community and Senior Services contracts with Behavioral Health Service (BHS) to provide services to seniors ages 60 and older, their spouses and disabled residents located in Service Planning Area Eight. Review of BHS as part of the Centralized Contract Pilot Project determined BHS did not have proper documentation for all services billed. The Auditor-Controller recommended DCSS obtain explanations on certain billed services and that BHS bill DCSS only for services provided and maintain documentation to support each service billed. If unable to do so DCSS should terminate the contract. **On motion of Clinton Tatum, seconded by Brence**

Culp, the Committee unanimously approved requesting a status report on the resolution regarding the questioned costs or the termination of the contract by April 3, 2004.

Consultant's Fiscal Review of the Gay and Lesbian Center of Long Beach. Nunez and Associates evaluated the fiscal liabilities and financial management of the Center and found the Center has a huge liability owed to the Internal Revenue Service. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved requesting a response from DHS/OAPP by April 3, 2004 verifying the Center has cleared the IRS liability and have provided a correction action plan addressing the other findings.**

Review of Le Petite Preparatory, Incorporated – A Group Home Foster Care Contractor. Review of the July 1, 2002 through June 30, 2003 fiscal operations noted substantial problems with the financial liabilities and management. The agency was licensed to operate three group homes with a total capacity of 18 children. The Auditor-Controller recommended DCFS work with County Counsel to collect the ineligible, unsupported or inadequately supported expenditures and that DCFS provide a written response by April 3, 2004 detailing the proposed resolution or final resolution of the questioned costs, or correction plan. On December 31, 2003 the agency ceased operations. **On motion of Brence Culp, seconded by Rick Velasquez, the Committee unanimously approved requesting DCFS provide a response detailing the resolution and include it in the Department's presentation at the March 18, 2004 meeting.**

Los Angeles County Office of Education Contract Review. Contract compliance review of an After-School Enrichment Program (ASEP) service provider determined services outlined its Statement of Work were provided and DPSS was appropriately billed for administrative costs directly attributed to the ASEP and maintains documentation to support those costs. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Los Angeles Unified School District Contract. Review of an After-School Enrichment Program determined services outlined in its Statement of Work and County contract were provided and qualified administrative staff was used to perform services. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing the report.**

Reports Received

Sunset Review – Board Policy No. 5.030 – Low Cost Labor Resource Program. ISD recommends extending the sunset review date to October 3, 2007 with the deletion of three completed action items. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved recommending extending the sunset review date to October 3, 2007.**

Sunset Review – Board Policy No. 3.020 – Clean Fuel Program. Pursuant to the January 10, 1995 Board Order, Synopsis 8 the Clean Air Program with a long-term goal to convert as many vehicles to clean fuels as possible within the limits of service delivery requirements and funding capabilities. The Chief Administrative Officer recommends extending the sunset review date to January 10, 2007 and a change in the annual reporting requirement. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously**

approved recommending extending the sunset review date to January 10, 2007.

Financial / Compliance Audits of Regional Park and Open Space District Proposition A Grants. Financial/compliance audits of 29 closed grant projects totaling more than \$52 million. The auditors reported audit results to the District and its grantees. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing the report.**

Sunset Review for the Los Angeles County Interdepartmental Coordination Group (ICG). **On motion of Louisa Ollague, seconded by Brence Culp, the Committee unanimously approved recommending the Board of Supervisors extend the sunset review date to September 30, 2006.**

Economic and Employment Development Center Contract Review. Review of the Center revealed areas of noncompliance regarding limited capacity to comply with DCSS's contract and five of the seven EEDC staff did not meet DCSS's educational, work experience and language requirements. The Auditor-Controller recommends DCSS terminate its contract with EEDC. **This item was continued to the March 18, 2004 meeting.**

Sunset Review for the Los Angeles County Judicial Procedures Commission. **On motion of Louisa Ollague, seconded by Brence Culp, the Committee unanimously approved recommending the Board of Supervisors extend the sunset review date to June 30, 2007.**

Other

Discussion with Department of Children and Family Services (DCFS) Representatives Regarding Group Homes and Foster Family Agencies. Representatives were not present. **On motion of Brence Culp, seconded by Louisa Ollague, the Committee approved sending a letter requesting Department of Children and Family Services representatives' attendance at the March 18, 2004 meeting to discuss Group Homes and Foster Family Agencies including Le Petite, Inc., and inviting the Children Deputies to attend.**

Audit Committee Correspondence Requiring Response. DeWitt Roberts, Auditor-Controller is reviewing the correspondence list and will report back to the Committee.

Audit Committee Meeting Time. The Committee unanimously agreed to move the meeting time to 1:30 p.m. and asked staff to notify the CAO so it will not conflict with Budget meetings.

Election of Officers

Chairperson: **On motion of Rick Velasquez, seconded by Angela Mazzie, the Committee unanimously elected Louisa Ollague as Chairperson.**

Vice Chairperson: **On motion of Louisa Ollague, seconded by Rick Velasquez, the Committee unanimously reelected Brence Culp as Vice Chairperson.**

Public Comment

There was none.

Matters not on the posted agenda to be presented and placed on the agenda of a future meeting.

There were none.

Adjournment

There being no further business to conduct, the meeting was adjourned at 1:50 p.m.